

Philanthropy in Asia – emerging trends

Christina Tung of UBS looks at trends in philanthropy among wealthy Asian families – in particular how the approach is changing from one generation to the next, and how it differs from that in the West.



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Interview

Christina Tung

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Christina Tung

Date: Aug 2011
Category: Estate Planning and Wealth Transfer
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Despite philanthropy's long history in Asia, there is a lack of public information about it, for example how families approach it and why they do it, said Christina Tung in an interview.

This was a driver for UBS to partner with INSEAD in their recent study of 10 Asia Pacific countries.

Why philanthropy matters

According to Tung, families engage in philanthropy for three main reasons: first, they want to give back to their local communities; secondly, they want to engage their family members; and thirdly, they want to create a lasting legacy for future generations.

Although she said a lot of philanthropists are donating to areas like education, healthcare and poverty alleviation, the more dominant and newer trends are in relation to social entrepreneurship and value-based investing.

Social entrepreneurship means conducting philanthropy in a more business-like way, explained Tung – applying business skill-sets to philanthropy work to create more of an impact, and one which can be measured.

In terms of value-based investing, while it is more than just ethical portfolio screening, it also refers to impact investing, she said – investing in developing countries to help local communities grow. In return, clients not only receive investment returns, but also social and environmental returns.

Differences between generations

The way that the first and second generations in Asia do philanthropy reflects their different aspirations and experiences, said Tung.

This attitude of the first generation towards giving tends to focus on their religious tradition or their cultural attitude, whereas the younger generation are influenced by international practices. In terms of

affiliations, Tung said the first generation is usually engaged with the community or their own country because of a feeling of greater responsibility to their own community members. Yet the second generation is more geared towards national, or even international, causes.

A third area of difference relates to the sectors for giving, she said. For example, the first generation is more focused on traditional support areas such as education, which receives the largest share of donations in Asia, along with healthcare and poverty alleviation. While younger people do support these key areas, they are also more open to arts, environment and civil rights, she said.

A further difference is in the implementation, added Tung, explaining that the first generation tries to minimise administration costs, so usually engages their own employees and entities to carry out the philanthropic work, or the individuals might run their own programmes. However, the second generation realises the importance of professional management for their philanthropic work.

The final difference is impact measurement. Tung said the first generation views giving as the end-goal. In contrast, the younger generation wants to measure the impact to make sure their resources are spent effectively and with the biggest impact.

Comparing Asian and Western philanthropists

Tung said Asian philanthropists are distinctive from their Western counterparts – the survey showed 42% of respondents said their major reason to engage philanthropy is to make sure they ensure the continuity of their family values and also to create a lasting legacy for future generations.

A second major difference, she said, is that Asian philanthropists tend to donate to their own countries, with the report showing that roughly 70% of donations on average in 2010 went to national causes.

A third difference is that Asian philanthropists focus on education. In the study, 36% of donations went into education, while poverty alleviation accounted for 10% and healthcare for 9%.

Further, religious beliefs are a key motivating factor for philanthropists in Asia, said Tung. Yet they don't donate systematically or structurally to religious causes. By contrast, in the US, 33% of donations actually go into religious causes.

The fact that philanthropy in Asia is not yet conducted in as professional a way as it is in the West is a final difference, she said, although Asian philanthropists are getting there, she added.

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